

Jordan L. Lurie (130013)  
Leigh A. Parker (170565)  
WEISS & LURIE  
10940 Wilshire Boulevard, Suite 2300  
Los Angeles, CA 90024  
Tel: (310) 208-2800  
Fax: (310) 209-2348

*Lead Counsel for the Settlement Class*

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA**

In Re QUINTUS SECURITIES  
LITIGATION

\_\_\_\_\_  
This Document Relates to:

ALL ACTIONS.  
\_\_\_\_\_

CASE NO: C-00-4263 VRW

CLASS ACTION

**AMENDED [~~PROPOSED~~] ORDER  
DIRECTING NOTICE OF PENDENCY  
AND SETTLEMENT OF CLASS  
ACTION AND SETTING HEARING  
DATE FOR FINAL APPROVAL OF  
SETTLEMENT; EXHIBITS ATTACHED**

1 WHEREAS, on July 7, 2006, this Court issued an Order (the "July 7 Order"): 1) granting  
2 preliminary approval of the Settlement of the above-captioned litigation (the "Litigation"), the  
3 proposed Plan of Allocation and an award of attorney fees and expenses; 2) certifying the  
4 Settlement Class; 3) directing certain revisions to the proposed Notice of Pendency and Proposed  
5 Settlement of Class Action and Settlement Hearing (the "Notice") and Summary Notice for  
6 Publication (the "Summary Notice"); and 4) providing that approval of the Notice and Summary  
7 Notice will be granted, and related ministerial orders concerning the Settlement will be entered,  
8 after the Court has reviewed revised versions of the Notice and Summary Notice that conform to  
9 the July 7 Order; and

10 WHEREAS, the parties concurrently herewith submit an amended Notice and Summary  
11 Notice conforming to the July 7 Order, together with a Proof of Claim and Release Form and  
12 proposed Judgment providing for the dismissal of the Litigation with prejudice as against all  
13 Defendants upon the terms and conditions set forth in the parties' Stipulation of Settlement  
14 ("Stipulation") for this Court's review; and

15 WHEREAS, plaintiffs' Lead Counsel has conferred with the other parties regarding the  
16 date to be set for the hearing to consider whether final approval of the Settlement shall be granted  
17 (the "Settlement Hearing") and confirmed that this Court is available for the Settlement Hearing  
18 on October 19, 2006 and no party has objected to that date.

19 NOW, THEREFORE, IT IS HEREBY ORDERED:

20 1. This order (the "Notice Order") hereby incorporates by reference the definitions in  
21 the Stipulation, and all terms used herein shall have the same meanings as set forth in the  
22 Stipulation.

23 2. The Settlement Hearing shall be held before the Honorable Vaughn R. Walker,  
24 approximately 75 days from the date of signing of this Notice Order, on October 19, 2006 at 2:00  
25 p.m. in the United States District Court, Northern District of California, located at 450 Golden  
26 Gate Avenue, San Francisco, California 94102, to determine: (i) whether the Proposed  
27 Settlement of the Litigation on the terms and conditions provided for in the Stipulation is fair,  
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1 reasonable and adequate; (ii) whether it should be approved by the Court; (iii) whether Judgment,  
2 in substantially the form attached to the Stipulation as *Exhibit B*, should be entered dismissing  
3 the Litigation on the merits and with prejudice as against all Defendants; (iv) whether the  
4 proposed Plan of Allocation is fair and reasonable; and (iv) whether Lead Counsel's application  
5 for attorneys' fees and reimbursement of costs and expenses should be approved. The Court may  
6 continue or adjourn the Settlement Hearing without further notice to the Settlement Class.

7         5.         The Court hereby approves, as to form and content, the Notice annexed hereto as  
8 *Exhibit A-1*, the Proof of Claim and Release annexed hereto as *Exhibit A-2*, and the Summary  
9 Notice annexed hereto as *Exhibit A-3*. The Court finds that the publication of the Summary  
10 Notice and mailing and distribution of the Notice substantially in the manner and form set forth  
11 in paragraphs 6 and 7 of this Notice Order meets the requirements of due process, and is the best  
12 notice practicable under the circumstances and shall constitute due and sufficient notice to all  
13 Persons entitled thereto.

14         6.         Lead Counsel shall make reasonable efforts to identify all Persons who are  
15 Settlement Class Members, including beneficial owners whose Quintus common stock is or was  
16 held by banks, brokerage firms, or other nominees. Lead Counsel shall mail or cause to be  
17 mailed the Notice and the Proof of Claim and Release by first class mail to all Members of the  
18 Settlement Class who can be identified by reasonable notice. The cost of notice to stockholders  
19 will be paid out of the Settlement Fund, as addressed in the Stipulation. Lead Counsel is hereby  
20 empowered to supervise and administer the notice procedure as set forth below. Lead Counsel is  
21 hereby authorized to retain the firm of Berdon Claims Administration LLC (the "Claims  
22 Administrator") to administer the notice procedure as well as the processing of claims as more  
23 fully set forth herein. The Claims Administrator shall be responsible for the receipt of all  
24 responses from Settlement Class Members and shall preserve all Proof of Claim forms and any  
25 and all other written communications from Settlement Class Members, nominees, or any other  
26 Person in response to the Notice or Summary Notice until one year following the date of  
27 distribution of the proceeds of the Net Settlement Fund to the Settlement Class Members or  
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1 pursuant to further order of the Court. Within five (5) business days from the date of this Notice  
2 Order (the "Notice Date"), Quintus, or its Bankruptcy Trustee, or its transfer agent shall provide  
3 the Claims Administrator with a list containing the identity of all record holders of Quintus  
4 common stock who purchased or acquired their Quintus common stock during the Settlement  
5 Class Period (the "List"). The List shall contain the names and addresses of all purchasers of the  
6 common stock during the Settlement Class Period. Defendants and/or their transfer agent shall  
7 bear all costs or expenses associated with providing the Claims Administrator with the List.  
8 Within twenty-one (21) days from the Notice Date, Lead Counsel or their designee shall mail, or  
9 cause to be mailed by first class mail, copies of the Notice substantially in the form annexed  
10 hereto as *Exhibit A-1* to all Members of the Settlement Class who can be identified with  
11 reasonable effort. Within twenty-one (21) days from the Notice Date, Lead Counsel shall cause  
12 the Summary Notice to be published, substantially in the form annexed hereto as *Exhibit A-3*,  
13 once in a widely circulated national business-oriented publication or wire service. At least five  
14 (5) calendar days prior to the Settlement Hearing, Lead Counsel shall serve and file with the  
15 Court proof by affidavit or declaration of such mailing and publishing.

16 7. Nominees who purchased or otherwise acquired Quintus common stock during  
17 the Settlement Class Period are directed to: (a) send the Notice and the Proof of Claim and  
18 Release to all beneficial owners of Quintus common stock purchased or otherwise acquired  
19 during the Settlement Class Period, within ten (10) days after receipt of the Notice; or (b) send a  
20 list of the names and addresses of such beneficial owners to Lead Counsel within ten (10) days  
21 after receipt of the Notice.

22 8. Unless otherwise ordered by the Court, all Members of the Settlement Class shall  
23 be bound by the terms of any judgment entered in the Litigation concerning the Proposed  
24 Settlement (including the Judgment), whether favorable or unfavorable to the Settlement Class.  
25 Any Member of the Settlement Class who does not properly and timely request exclusion shall  
26 be included in the Settlement Class and shall be bound by any judgment (including the  
27 Judgment) entered in the Litigation.  
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1           9.       Settlement Class Members who wish to participate in the distribution of the  
2 Settlement Fund shall complete and submit Proof of Claim and Release forms in accordance with  
3 the instructions contained therein. Unless the Court orders otherwise, all Proof of Claim and  
4 Release forms must be received by the Claims Administrator postmarked no later than 120 days  
5 from the date this Notice Order is signed. Any Settlement Class Member who does not submit a  
6 properly completed Proof of Claim and Release form within the time provided shall be barred  
7 from sharing in the distribution of the proceeds of the Net Settlement Fund unless otherwise  
8 ordered by the Court.

9           10.     Any Settlement Class Member who wishes to be excluded from the Settlement  
10 Class must provide, postmarked no later than twenty-one (21) days prior to the Settlement  
11 Hearing, written notice of such request to the Claims Administrator identified in the Notice,  
12 referring to the Litigation and setting forth his or her name, address, and transactions in Quintus  
13 common stock during the Settlement Class Period (including each date of acquisition, purchase  
14 and sale and each price and amount paid and/or received). Unless otherwise ordered by the  
15 Court, all Settlement Class Members not exercising the option to be excluded from the  
16 Settlement Class within the specified time period shall be bound by the Stipulation, the  
17 Settlement and releases contained therein, and the Judgment entered hereon, and shall not have  
18 any further opportunity to opt out of the Settlement Class. Any Settlement Class Member who  
19 shall timely and properly elect to be excluded from the Settlement Class shall be permitted to  
20 revoke such election by mailing, within the required time frame, a request for revocation to Lead  
21 Counsel, and in such event shall once again become a Settlement Class Member for all purposes.  
22 Any Person who, pursuant to the provisions of this paragraph and the Notice, elects to be  
23 excluded from the Settlement Class and does not revoke such election as provided above, shall  
24 have no right to any portion of the Settlement Fund, and shall be left, as to the Released Persons  
25 and the Released Claims, only to his or her individual remedies.

26           11.     Any Member of the Settlement Class may appear and show cause why the  
27 Proposed Settlement of the Litigation embodied in the Stipulation should or should not be  
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1 approved as fair, reasonable and adequate, or why a judgment should or should not be entered  
 2 thereon, and/or to present opposition to the Plan of Allocation or the application of Lead Counsel  
 3 for fees and expenses. However, no Settlement Class Member or any other Person shall be heard  
 4 or entitled to contest the approval of the terms and conditions of the Stipulation and the  
 5 Settlement, or, if approved, the Judgment to be entered thereon approving the same, unless on or  
 6 before twenty-one (21) days prior to the Settlement Hearing, that Settlement Class Member or  
 7 Person has served by hand or otherwise caused to be delivered written objections, including the  
 8 basis therefor, as well as copies of any papers and/or briefs in support of his or her position upon:  
 9 Jordan L. Lurie, Leigh A. Parker, WEISS & LURIE, Suite 2300, 10940 Wilshire Boulevard, Los  
 10 Angeles, CA 90024; and Kurt F. Gwynne, REED SMITH LLP, 1201 Market Street, Suite 1500,  
 11 Wilmington, DE 19801; Boris Feldman, Douglas J. Clark, Peri B. Nielsen, WILSON SONSINI  
 12 GOODRICH & ROSATI, Professional Corporation, 650 Page Mill Road, Palo Alto, CA 94304-  
 13 1050; Sara B. Brody, HELLER EHRMAN LLP, 333 Bush Street, San Francisco, CA 94104-  
 14 2878; and Michael Tubach, O'MELVENY & MYERS, LLP, Embarcadero Center West, 275  
 15 Battery Street, Suite 2600, San Francisco, CA 94111-3304 and file said objections, papers and  
 16 briefs with the Clerk of the United States District Court for the Northern District of California.  
 17 Any Settlement Class Member or Person who does not make his, her or its objection in the  
 18 manner provided for herein shall be deemed to have waived such objection and shall forever be  
 19 foreclosed from making any objection to the fairness or adequacy of the Settlement as  
 20 incorporated in the Stipulation, unless otherwise ordered by the Court. The manner in which a  
 21 notice of objection should be prepared, filed and delivered shall be stated in the Notice. Unless  
 22 the Court orders otherwise, only Settlement Class Members who have filed and delivered valid  
 23 and timely notices of objection will be entitled to be heard at the Settlement Hearing.

24       12. All papers in support of the Settlement and for reimbursement of attorneys' fees  
 25 and expenses shall be filed with the Court and served on Defendants' counsel at least five (5)  
 26 calendar days prior to the Settlement Hearing. Neither Defendants nor Defendants' counsel shall  
 27 have any responsibility for the Plan of Allocation and it will be considered separately from the  
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1 fairness, reasonableness and adequacy of the Settlement. At or after the Settlement Hearing, the  
2 Court will determine whether Lead Counsel's proposed Plan of Allocation should be approved.

3 13. The passage of title and ownership of the Settlement Fund to the Escrow Agent in  
4 accordance with the terms and obligations of the Stipulation is approved. No Person that is not a  
5 Settlement Class Member or Lead Counsel shall have any right to any portion of, or any rights in  
6 the distribution of, the Settlement Fund unless otherwise ordered by the Court or otherwise  
7 provided in the Stipulation.

8 14. All funds held in the Escrow Account shall be deemed and considered to be *in*  
9 *custodia legis* and shall remain subject to the jurisdiction of the Court until such time as such  
10 funds shall be distributed pursuant to the Stipulation and/or further order of the Court.

11 15. Lead Counsel may use the proceeds of the Settlement Fund to pay the costs and  
12 expenses reasonably and actually incurred in connection with providing notice to the Settlement  
13 Class, locating Settlement Class Members, soliciting Settlement Class claims, assisting with the  
14 filing of claims, administering and distributing the Net Settlement Fund to the Members of the  
15 Settlement Class, processing Proofs of Claim and Release and paying escrow fees and costs, if  
16 any.

17 16. The Court reserves the right to continue or adjourn the date of the Settlement  
18 Hearing without further notice to Members of the Settlement Class, and retains jurisdiction to  
19 consider all further applications arising out of or connected with the Proposed Settlement.

20 17. Neither the Stipulation nor the Settlement provided for therein, nor any act  
21 performed or document executed pursuant to or in furtherance of the Stipulation or the  
22 Settlement: (i) is or may be deemed to be or may be used as an admission of, or evidence of, the  
23 validity of any Released Claim, or of any wrongdoing or liability on the part of any of the  
24 Released Persons; or (ii) is or may be deemed to be or may be used as an admission of, or  
25 evidence of, any fault or omission of any of the Released Persons in any civil, criminal or  
26 administrative proceeding in any court, administrative agency or other tribunal, other than in such  
27 proceedings as may be necessary to consummate or enforce the Stipulation, or the Settlement  
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1 provided for therein, or the Judgment, *except that* the Released Persons may file the Stipulation  
2 and/or the Judgment in any action that may be brought against them in order to support a defense  
3 or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith  
4 settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion  
5 or similar defense or counterclaim.

6 18. Pending final approval of the Settlement reflected in the Stipulation, neither the  
7 Lead Plaintiff nor Members of the Settlement Class, shall directly, representatively, or in any  
8 other capacity, commence or prosecute any action or proceeding in any court or tribunal asserting  
9 any of the Released Claims against any of the Released Persons. All discovery and other  
10 proceedings in the Litigation are stayed until further order of the Court, except as may be  
11 necessary to implement or comply with the terms of the Stipulation.

12 19. The Judgment will permanently bar and enjoin the Lead Plaintiff and all Members  
13 of the Settlement Class who did not timely and validly request exclusion from the Settlement  
14 Class from instituting or prosecuting, in any capacity, any action or proceeding that involves or  
15 asserts any of the Released Claims against any of the Released Persons and upon the Effective  
16 Date any such Settlement Class Member shall conclusively be deemed to have released any and  
17 all such Released Claims as against any and all of the Released Persons.

18 20. If the Settlement is not approved or consummated for any reason whatsoever, the  
19 Settlement and all proceedings had in connection therewith shall be without prejudice to the  
20 *status quo ante* rights of the parties to the Litigation, except as otherwise set forth in the  
21 Stipulation.

22  
23 DATED: July 25, 2006



HONORABLE VAUGHN R. WALKER  
UNITED STATES DISTRICT COURT JUDGE



Respectfully submitted by:

Jordan L. Lurie  
Leigh A. Parker  
WEISS & LURIE  
10940 Wilshire Boulevard, Suite 2300  
Los Angeles, CA 90024  
Tel: (310) 208-2800  
Fax: (310) 209-2348

*Lead Counsel for the Settlement Class*

Kurt F. Gwynne  
REED SMITH LLP  
1201 Market Street, Suite 1500  
Wilmington, DE 19801  
Tel: (302) 778-7500  
Fax: (302) 778-7575

*Chapter 11 Trustee for the Quintus Estate*

Boris Feldman  
Douglas J. Clark  
Peri B. Nielsen  
WILSON SONSINI GOODRICH & ROSATI  
Professional Corporation  
650 Page Mill Road  
Palo Alto, CA 94304-1050  
Tel: (650) 493-9300  
Fax: (650) 565-5100

*Counsel for Defendants Paul H. Bartlett, Andrew Busey, Frederic W. Harman, William Herman, Alexander Rosen, Robert W. Shaw, Jeanne Wohlers, Oak Investment Partners VI, LP and Oak VI Affiliates Fund, LP*

Sara B. Brody  
HELLER EHRMAN LLP  
333 Bush Street  
San Francisco, CA 94104-2878  
Tel: (415) 772-6000  
Fax: (415) 772-6268

*Counsel for Defendant Susan Salvesen*

Michael Tubach  
O'MELVENY & MYERS, LLP  
Embarcadero Center West  
275 Battery Street, Suite 2600  
San Francisco, CA 94111-3304  
Tel: (415) 984-8700  
Fax: (415) 984-8701

*Counsel for Defendant Alan Anderson*